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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/809,383	03/26/2004	Mathias Sonnck	07781.0160-00	7611

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EXAMINER
BAIRD, EDWARD J

ART UNIT	PAPER NUMBER
3693	

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12/20/2007	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

	Application No.	Applicant(s)
Office Action Summary	10/809,383	SONNEK ET AL.
	Examiner	Art Unit	
	Ed Baird	3693	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE <u>3</u> MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on <u>26 March 2004</u>.

2a)☐ This action is **FINAL**. 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) <u>1-24</u> is/are pending in the application.

    4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) <u>1-24</u> is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

    Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

    Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

    a)☐ All b)☐ Some * c)☐ None of:

      1.☐ Certified copies of the priority documents have been received.

      2.☐ Certified copies of the priority documents have been received in Application No. _____.

      3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

    * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)

2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)

3) ☒ Information Disclosure Statement(s) (PTO/SB/08)
    Paper No(s)/Mail Date <u>04 August 2005</u>.

4) ☐ Interview Summary (PTO-413)
    Paper No(s)/Mail Date. _____ .

5) ☐ Notice of Informal Patent Application

6) ☐ Other: _____ .

DETAILED ACTION

Claims 1- 24 are pending in this application. Claims 1-24 are rejected under 35 U.S.C.

101, 112, and 103.

Specification

1.   Applicant cooperation is requested in correcting any error of which applicant may

become aware in the specification.

Claim Rejections - 35 USC § 112

2.   The following is a quotation of the second paragraph of 35 U.S.C. 112:

> The specification shall conclude with one or more claims particularly pointing out and distinctly
> claiming the subject matter which the applicant regards as his invention.

3.   Regarding claims **1, 9, and 17**, the phrase "depending upon the manner **and/or**

degree" renders the claim indefinite because it is unclear whether one or both limitations

are part of the claimed invention.

For purposes of examination, the term "depending upon the manner and/or

degree" will be interpreted to mean "depending upon the manner **or** degree".

Appropriate correction is required.

4.   Regarding **claims 7, 15, and 23**, the phrase "wherein the impairment price is the

market price" is not a limitation to claim 6 in as much as calculating impairment price in

claim 6, 14, and 22 is not necessary for validation.

For purposes of examination, the term "wherein the impairment price is the market price" will be interpreted as not further limiting. Appropriate correction is required.

5.   Regarding **claims 8, 16, and 24**, the phrase "wherein the impairment price is a market price increased or reduced by a presettable value" is not a limitation to claim 6 in as much as calculating impairment price in claim 6, 14, and 22 is not necessary for validation.

For purposes of examination, the term "wherein the impairment price is the market price" will be interpreted as not further limiting. Appropriate correction is required.

Claim Rejections - 35 USC § 101

6.   35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

7.   Claims 1-5 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

8.   Regarding **claims 1-5**, Applicant claims a method comprising:

- automatically determining a book value for each object in an accounting system;

- automatically determining a market value for each object;

- automatically forming an intermediate variable from the book value and the market value;

- automatically testing the intermediate variable to determine whether it satisfies one or more presettable conditions; and

- automatically performing one or more actions depending upon the manner and/or degree to which one or more of the presettable conditions are satisfied.

The claimed invention is directed to non-statutory subject matter in that the claimed invention would impermissibly cover every substantial practical application of, and thereby preempt all use of, an abstract idea, natural phenomenon, or law of nature. For example, determining a book value covers every possible way of determining this value.

9.   Further, the claimed invention, claims 1-5, is inoperative and therefore lacks utility. As per MPEP 2106.01   [R-5] **Computer-Related Nonstatutory Subject Matter:**

Descriptive material can be characterized as either "functional descriptive material" or "nonfunctional descriptive material." In this context, "functional descriptive material" consists of data structures and computer programs which impart functionality when employed as a computer component. (The definition of "data structure" is "a physical or logical relationship among data elements, designed to support specific data manipulation functions." The New IEEE Standard Dictionary of Electrical and Electronics Terms 308 (5th ed. 1993).) "Nonfunctional descriptive material" includes but is not limited to music, literary works, and a compilation or mere arrangement of data.

Both types of "descriptive material" are nonstatutory when claimed as descriptive material per se, 33 F.3d at 1360, 31 USPQ2d at 1759. When functional descriptive material is recorded on some **computer-readable medium**, it becomes structurally and functionally interrelated to the medium and will be statutory in most cases since use of technology permits the function of the descriptive material to be realized.

10.   As per MPEP 2106.02 [R-5] **Mathematical Algorithms:**

Claims to processes that do nothing more than solve mathematical problems or

manipulate abstract ideas or concepts are complex to analyze and are addressed

herein. If the "acts" of a claimed process manipulate only numbers, abstract concepts or

ideas, or signals representing any of the foregoing, the acts are not being applied to

appropriate subject matter. *Gottschalk v. Benson*, 409 U.S. 63, 71 - 72, 175 USPQ 673,

676 (1972). Thus, a process consisting solely of mathematical operations, i.e.,

converting one set of numbers into another set of numbers, does not manipulate

appropriate subject matter and thus cannot constitute a statutory process.

Claim Rejections - 35 USC § 103

11.   The following is a quotation of 35 U.S.C. 103 (a) which forms the basis for all

obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as
> set forth in section 102 of this title, if the differences between the subject matter sought to be
> patented and the prior art are such that the subject matter as a whole would have been obvious at
> the time the invention was made to a person having ordinary skill in the art to which said subject
> matter pertains. Patentability shall not be negatived by the manner in which the invention was
> made.

12.   Claim 1-24 are rejected under 35 U.S.C. 103 (a) as being unpatentable over

Koppes, et al (USPub. No. 2004/0215493) in view of **O'Shaughnessy** (US Patent No.

US 7,177,831).

13.   Regarding **claim 1, Koppes** teaches:

- **automatically determining a book value for each object in an accounting**
  system;

- **automatically determining a market value for each object;**

- **automatically forming an intermediate variable from the book value and**
  the market value;

Koppes discloses a method and system to track, reconcile and administer the values of life insurance policies in separate accounts, including Stable Value Protected funds [Abstract]. **Koppes** discloses Stable Value Protected funds providing an initial targeted return for the first period of an investment. Upon completion of the first period, the value of the fund, the **market value** is compared with the "calculated" value of the fund which is the book value [paragraph 0012].

Koppes discloses the "calculated" value of the fund is calculated by multiplying the initial value of the fund by (1+targeted return), [paragraph 0012]. **Koppes** notes this calculation is used to insure that the book value and the market value move closer together over a period of time, namely the duration of a fund [paragraph 0013]. Examiner notes that while **Koppes** does not explicitly describe an intermediate value, one is inherently present in the system in that tracking the book value and market value moving together. Examine asserts that this value difference indicates an intermediate value between the market and book value.

Koppes does not explicitly disclose:

- **automatically testing the intermediate variable to determine whether it satisfies one or more presettable conditions; and**

- **automatically performing one or more actions depending upon the manner and/or degree to which one or more of the presettable conditions are satisfied.**

O'Shaughnessy discloses an invention which uses a computer to provide automated investment allocation advice, selection of investment securities, customization of the automated advice, and execution of investment securities, maintenance /monitoring of investment portfolios and rebalancing of investment

portfolios [Abstract]. Here he discloses a portfolio management program (PMP) which generates suitable investment allocation and specific portfolio strategy. PMP system provides recommendations in the form of strategies to a user through the Internet. The PMP also offers execution of those recommendations through a broker on behalf of the user [column 8 lines 29-39]. Examiner notes that while **O'Shaughnessy** does not explicitly describe **testing the intermediate variable to determine whether it satisfies one or more presettable conditions**, one is inherently present in the system because recommendations are made based on specific portfolio strategy. Examiner notes that specific portfolio strategy is a strategy which specifies the Applicant's **manner or degree to which one or more of the presettable conditions are satisfied.**

Therefore, it would have been obvious to a person having an ordinary skill in the art at the time of the **Koppes** invention to include provide automated investment allocation advice, selection of investment securities, etc. as taught by **O'Shaughnessy** because determining market values in relation to book values and give an investor the understanding of the values and risks of different investments.

14.   Regarding **claim 2, Koppes** teaches balance sheet objects as securities. **Koppes** discloses the targeted return as applied to investing in securities whose value fluctuates daily [paragraph 0013].

15.   Regarding **claim 3**, the limitation "**the market value is the price of the object multiplied by the number of units available**" is a definition of market value and therefore is not further limiting. Examiner interprets an object as being market value of one share of a security. Thus claim 3 is rejected for the same reasons as claim 1, the claim upon which it depends.

16.   Regarding **claim 4,** the limitation "**the intermediate variable is a difference**

between the book value and the market value" is discussed in the rejection of claim 1.

Examine reasserts that a difference between market and book values indicates an

intermediate value between them.

17.   Regarding **claim 5, O'Shaughnessy** teaches the limitation: "**presettable**

condition as the disparity between the intermediate value and a maximum

disparity for the intermediate variable". **O'Shaughnessy** discloses modifying the

portfolio sheet to show such factors as market capitalization, industry, and other relevant

columns of information to assist the buyer in triggering a buy or sell decision [column 14

lines 13-19].   Also, minimum, maximum, average and median market capitalization,

share price, and other factors optionally are displayed as part of the summary of the

proposed portfolio.   Examine interprets these factors as indicating the disparity between

intermediate values in Applicant's disclosure.

Therefore, it would have been obvious to a person having an ordinary skill in the

art at the time of the **Koppes** invention to include factors such as share price as taught

by **O'Shaughnessy** because determining showing such factors allow an investor the

understanding of worth of his portfolio.

18.   Regarding **claim 6, O'Shaughnessy** teaches the limitation: "**sending a**

message to a person". **O'Shaughnessy** discloses that a user can set up automatic

email notification of rebalance dates or to have the PMP vote the proxy of the shares

[column 2 lines 28-30].

Therefore, it would have been obvious to a person having an ordinary skill in the

art at the time of the **Koppes** invention to email notification as taught by

O'Shaughnessy because it keeps a user informed of updates to his portfolio.

19.   Regarding **claim 7,** the limitation "**the impairment price is the market price**" is a definition of impairment price and therefore is not further limiting. Thus claim 7 is rejected for the same reasons as claim 6, the claim upon which it depends.

20.   Regarding **claim 8, O'Shaughnessy** teaches the limitation "**the impairment price is a market price increased or reduced by a presettable value**". **O'Shaughnessy** discloses while using the PMP, a user can request automatic notification of drop in price in certain stocks, place sell orders, etc. as necessary [column 7 lines 64-67]. Examiner notes that while **O'Shaughnessy** does not explicitly describe **a market price increased or reduced by a presettable value,** one is inherently present in the system because a user requests notification of price drop which may be a discrete value. since the user is requesting notification, the user is inherently determining a value or change thereof.

Therefore, it would have been obvious to a person having an ordinary skill in the art at the time of the **Koppes** invention to include automatic notification of drop in price in certain stocks, place sell orders, etc. as taught by **O'Shaughnessy** because these changes allow an investor to make informed decisions about his portfolio.

21.   **Claim 9-16** represent computer systems of the methods describe in claims 1-8, respectively. Therefore, these claims are rejected for the same reasons.

22.   **Claim 17-24** represent computer readable mediums of the methods describe in claims 1-8, respectively. Therefore, these claims are rejected for the same reasons.
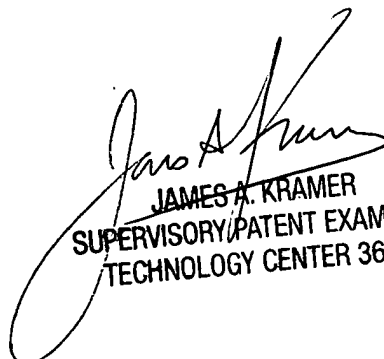
Cited Prior Art

23.   The prior art of record and not relied upon is considered pertinent to Applicant's disclosure. Mandell, (US Patent. No. 5950171): "System for determining hypothetical book value".

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Ed Baird whose telephone number is (571) 270-3330. The examiner can normally be reached on Monday - Thursday 7:30 am - 5:00 pm Eastern Time.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Jay Kramer can be reached on (571) 272-6783. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

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12.20.07